



DEFENSE FINANCE AND ACCOUNTING SERVICE

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DEC 12 2001

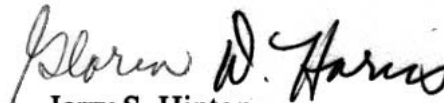
DFAS-DFM

MEMORANDUM FOR DIRECTOR, MILITARY PAY OPERATIONS DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS-PM/CL)

SUBJECT: Interim Change to the DoDFMR 7A, Entitled Career Status Bonus/REDUX
Election Option (DFAS Item K-10)

The attached Interim Change 44-01 to the DoDFMR 7A adds a new chapter 66 which publishes the eligibility and pay criteria for Career Status Bonus as authorized under Public Law 106-65, October 5, 1999. This change is effective October 1, 1999.

We have reviewed your comments on the proposed change and included your comments where appropriate. Assignment of the interim change number is your authority to initiate procedural modifications to implement this change. Use the attached to initiate the formal change to the DoDFMR 7A.

for 
Jerry S. Hinton,
Director for Finance

Attachment:

As stated

cc: DASD (MPP)(Comp)
OUSD (C)(ODCFO)(FP)
ODGC(F)
DFAS-GAM/DE
Service Liaisons
USCG/NOAA/PHS Liaisons
DFAS-DDM/CL
DFAS-PMJE/DE

CHAPTER 66

CAREER STATUS BONUS/REDUX ELECTION OPTION

6601 CAREER STATUS BONUS

660101. General Provisions. The National Defense Authorization Act for Fiscal Year 2000 significantly changed the retired pay system for those members of a Uniformed Service who first became members on or after August 1, 1986 (See Public Law 106-65, October 5, 1999, sections 641 through 644.) Previously, they were covered by the Military Retirement Reform Act of 1986 (86 MRRA; henceforth referred to as REDUX). However, these members may now elect, upon completion of 15 years of active duty in the Uniformed Services, to receive a \$30,000 career status bonus (CSB), in which case they will again be under the REDUX retired pay system. (For details on the REDUX retirement plan, see Title 10 United States Code (U.S.C.). section 1409.)

660102. Entitlement. To be eligible for the CSB/REDUX election opportunity at the time the member completes 15 years of active service, all of the criteria listed below must be satisfied simultaneously. A member, who does not meet all criteria at that time but subsequently does, may not then be given the opportunity to make a CSB/REDUX election, unless otherwise stated or approved by the Secretary of the Military Department concerned. A member of the Uniformed Service is eligible to make a CSB/REDUX Retirement election only when a member:

- A. Is serving on active duty, and
- B. First became a member of a Uniformed Service on or after August 1, 1986; i.e. has a Date of Initial Entry to Military/Uniformed Service (DIEMS or DIEUS) of August 1, 1986 or later, and
- C. Completes 15 years of active duty in the Uniformed Service, and
- D. Is otherwise eligible, as determined by the Secretary of the Military Department concerned, to serve continuously on the active duty until the completion of 20 years of active duty service.

660103. CSB/REDUX Eligibility Notification. The Secretary of the Military Department concerned shall notify all members with a DIEMS of August 1, 1986 or later of whether or not they are eligible to make a CSB/REDUX election. Notification letters will be sent on or shortly before the date individuals complete 14 years and 6 months of active duty. If a member is not eligible, the notification will explain why not, and will inform the member whether, under exception established in guidance promulgated by the Secretary of the Military Department concerned, there will be an opportunity to make a CSB/REDUX election in the future, if the impediment to eligibility is subsequently eliminated. The Secretary of the Military

Department concerned will promptly notify a member who subsequently becomes eligible.

660104. CSB Election. To make a CSB/REDUX election, a member submits the CSB/REDUX election form (DD Form 2839 or Service equivalent form) and any other Service required forms as directed in the eligibility notification not later than the date the member attains 15 years of active military service or 6 months after the eligibility notification is sent, whichever is the later date.

6602 BONUS PAYMENT

660201. CSB Payment. The \$30,000 Career Status Bonus shall be paid in one lump sum to an eligible military service member who makes a valid CSB/REDUX election. The CSB must be paid no later than the end of the first month that begins on or after the date that is 60 days after the date the election is effective.

Example: A member who will attain 15 years of active duty service on Oct 10, 2001, should be sent the CSB/REDUX notification no later than April 10, 2001. The member may complete the necessary forms and return them as directed by the Service concerned, but the election is not effective until October 10, 2001. The Secretary concerned will pay the member the \$30,000 in one lump-sum payment no earlier than October 10, 2001, and no later than January 31, 2002. The latter date is determined as follows: the date that is 60 days after the effective date of the election is December 9, 2001, so the first month that begins on or after that date is January 2002 – the member must be paid no later than the end of January 2002.

660202. Tax Consideration. The CSB, if taxable, is income as of the date on which the payment is actually made to the member. The CSB/REDUX is considered tax exempt if the effective date of the election falls within the month in which the member is entitled to combat zone tax exclusion. See paragraph 440103 for more information.

6603 RECOUPMENT

660301. A CSB recipient who fails to serve continuously on active duty until the completion of 20 years of active duty must repay a comparable portion of the CSB received. The amount of repayment is calculated by multiplying \$30,000 by a factor that is determined by dividing the uncompleted period of active duty by the total continuous active duty required as a result of the CSB/REDUX election. In making the calculation, months and days must be expressed as decimal fractions of a year (to the nearest .00000001). Each month is $1/12^{\text{th}}$ of a year and each day is $1/360^{\text{th}}$ of a year, rounded to the eighth decimal place. (See Table 66-1 for computation decimals.)

Example 1: A member's CSB/REDUX election is effective upon attaining 15 years of active service on October 10, 2001. The member is obligated to serve through October 10, 2006 (5 full years). If the member's last day of active duty is

December 31, 2002, the member will have failed to complete 3 years, 9 months and 10 days of required service. The member's repayment is computed as follows:

The period of agreed additional service is: 5 full years

The service not completed is: 3 years, 9 months, and 10 days, or
 $3 + .75 + .02777778 = 3.77777778$ years

The required repayment is:

$$(3.77777778 / 5) \times \$30,000 = .75555556 \times \$30,000 = \$22,666.67$$

Example 2: A member not initially notified of eligibility for a CSB, was later notified and made a CSB/REDUX election that was effective upon attainment of 16 years, 6 months, and 23 days of service. The member thus agreed to complete an additional 3 years, 5 months, and 7 days of service, but later separated, failing to complete 2 years, 3 months, and 11 days of that time. This member's repayment is computed as follows:

The period of agreed additional service is:

$$3 + .41666667 + .01944444 \\ = 3.43611111 \text{ years}$$

and the service not completed is:

$$2 + .25 + .03055556 \\ = 2.28055556 \text{ years}$$

$$\text{The required repayment is: } (2.28055556 / 3.43611111) \times \$30,000 \\ = .66370251 \times \$30,000 \\ = \$19,911.08$$

660302. Waiver of CSB Recoupment. The Secretary of the Military Department concerned may waive, in whole or in part, the required CSB refund if the Secretary determines that recovery would be against equity and good conscience or contrary to the best interests of the United States. The Secretary of the Military Department shall waive the required refund if the member:

- (1) Dies, or
- (2) Is separated or retired as a result of a physical disability under 10 U.S.C., Chapter 61, or
- (3) Is separated under a Service offer for early retirement (such as TERA (Temporary Early Retirement Authority)) or separation program.

The Secretary of the Military Department concerned shall not waive repayment if the member's separation is due to misconduct or if waiver of repayment would be inconsistent with other prescribed law, regulation, or policy.

Mos	Days	Fractional Years	Mos	Days	Fractional Years	Mos	Days	Fractional Years	Mos	Days	Fractional Years
0	1	0.00277778	1	17	0.13055555	3	2	0.25555556	4	18	0.38333333
0	2	0.00555556	1	18	0.13333333	3	3	0.25833333	4	19	0.38611111
0	3	0.00833333	1	19	0.13611111	3	4	0.26111111	4	20	0.38888889
0	4	0.01111111	1	20	0.13888889	3	5	0.26388889	4	21	0.39166666
0	5	0.01388889	1	21	0.14166666	3	6	0.26666667	4	22	0.39444444
0	6	0.01666667	1	22	0.14444444	3	7	0.26944444	4	23	0.39722222
0	7	0.01944444	1	23	0.14722222	3	8	0.27222222	4	24	0.4
0	8	0.02222222	1	24	0.15	3	9	0.275	4	25	0.40277777
0	9	0.025	1	25	0.15277777	3	10	0.27777778	4	26	0.40555555
0	10	0.02777778	1	26	0.15555555	3	11	0.28055556	4	27	0.40833333
0	11	0.03055556	1	27	0.15833333	3	12	0.28333333	4	28	0.41111111
0	12	0.03333333	1	28	0.16111111	3	13	0.28611111	4	29	0.41388889
0	13	0.03611111	1	29	0.16388889	3	14	0.28888889	4	30	0.41666667
0	14	0.03888889	1	30	0.16666667	3	15	0.29166667	5	0	0.41666667
0	15	0.04166667	2	0	0.16666667	3	16	0.29444444	5	1	0.41944444
0	16	0.04444444	2	1	0.16944445	3	17	0.29722222	5	2	0.42222222
0	17	0.04722222	2	2	0.17222223	3	18	0.3	5	3	0.42499999
0	18	0.05	2	3	0.175	3	19	0.30277778	5	4	0.42777777
0	19	0.05277778	2	4	0.17777778	3	20	0.30555556	5	5	0.43055555
0	20	0.05555556	2	5	0.18055556	3	21	0.30833333	5	6	0.43333333
0	21	0.05833333	2	6	0.18333334	3	22	0.31111111	5	7	0.43611111
0	22	0.06111111	2	7	0.18611111	3	23	0.31388889	5	8	0.43888888
0	23	0.06388889	2	8	0.18888889	3	24	0.31666667	5	9	0.44166666
0	24	0.06666667	2	9	0.19166667	3	25	0.31944444	5	10	0.44444444
0	25	0.06944444	2	10	0.19444445	3	26	0.32222222	5	11	0.44722222
0	26	0.07222222	2	11	0.19722223	3	27	0.325	5	12	0.44999999
0	27	0.075	2	12	0.2	3	28	0.32777778	5	13	0.45277777
0	28	0.07777778	2	13	0.20277778	3	29	0.33055556	5	14	0.45555555
0	29	0.08055556	2	14	0.20555556	3	30	0.33333333	5	15	0.45833333
0	30	0.08333333	2	15	0.20833334	4	0	0.33333333	5	16	0.46111111
1	0	0.08333333	2	16	0.21111111	4	1	0.33611111	5	17	0.46388888
1	1	0.08611111	2	17	0.21388889	4	2	0.33888889	5	18	0.46666666
1	2	0.08888889	2	18	0.21666667	4	3	0.34166666	5	19	0.46944444
1	3	0.09166666	2	19	0.21944445	4	4	0.34444444	5	20	0.47222222
1	4	0.09444444	2	20	0.22222223	4	5	0.34722222	5	21	0.47499999
1	5	0.09722222	2	21	0.225	4	6	0.35	5	22	0.47777777
1	6	0.1	2	22	0.22777778	4	7	0.35277777	5	23	0.48055555
1	7	0.10277777	2	23	0.23055556	4	8	0.35555555	5	24	0.48333333
1	8	0.10555555	2	24	0.23333334	4	9	0.35833333	5	25	0.48611111
1	9	0.10833333	2	25	0.23611111	4	10	0.36111111	5	26	0.48888888
1	10	0.11111111	2	26	0.23888889	4	11	0.36388889	5	27	0.49166666
1	11	0.11388889	2	27	0.24166667	4	12	0.36666666	5	28	0.49444444
1	12	0.11666666	2	28	0.24444445	4	13	0.36944444	5	29	0.49722222
1	13	0.11944444	2	29	0.24722223	4	14	0.37222222	5	30	0.5
1	14	0.12222222	2	30	0.25	4	15	0.375	See Next Page for 6 mos or more.		
1	15	0.125	3	0	0.25	4	16	0.37777777			
1	16	0.12777777	3	1	0.25277778	4	17	0.38055555			

Table 66-1. Recoupment Computational Factors of Fractional Years

Mos	Days	Fractional Years	Mos	Days	Fractional Years	Mos	Days	Fractional Years	Mos	Days	Fractional Years
6	0	0.5	7	17	0.63055555	9	2	0.75555556	10	18	0.88333333
6	1	0.50277778	7	18	0.63333333	9	3	0.75833333	10	19	0.88611111
6	2	0.50555556	7	19	0.63611111	9	4	0.76111111	10	20	0.88888889
6	3	0.50833333	7	20	0.63888889	9	5	0.76388889	10	21	0.89166666
6	4	0.51111111	7	21	0.64166666	9	6	0.76666667	10	22	0.89444444
6	5	0.51388889	7	22	0.64444444	9	7	0.76944444	10	23	0.89722222
6	6	0.51666667	7	23	0.64722222	9	8	0.77222222	10	24	0.9
6	7	0.51944444	7	24	0.65	9	9	0.775	10	25	0.90277777
6	8	0.52222222	7	25	0.65277777	9	10	0.77777778	10	26	0.90555555
6	9	0.525	7	26	0.65555555	9	11	0.78055556	10	27	0.90833333
6	10	0.52777778	7	27	0.65833333	9	12	0.78333333	10	28	0.91111111
6	11	0.53055556	7	28	0.66111111	9	13	0.78611111	10	29	0.91388889
6	12	0.53333333	7	29	0.66388889	9	14	0.78888889	10	30	0.91666667
6	13	0.53611111	7	30	0.66666667	9	15	0.79166667	11	0	0.91666667
6	14	0.53888889	8	0	0.66666667	9	16	0.79444444	11	1	0.91944445
6	15	0.54166667	8	1	0.66944445	9	17	0.79722222	11	2	0.92222223
6	16	0.54444444	8	2	0.67222223	9	18	0.8	11	3	0.925
6	17	0.54722222	8	3	0.675	9	19	0.80277778	11	4	0.92777778
6	18	0.55	8	4	0.67777778	9	20	0.80555556	11	5	0.93055556
6	19	0.55277778	8	5	0.68055556	9	21	0.80833333	11	6	0.93333334
6	20	0.55555556	8	6	0.68333334	9	22	0.81111111	11	7	0.93611111
6	21	0.55833333	8	7	0.68611111	9	23	0.81388889	11	8	0.93888889
6	22	0.56111111	8	8	0.68888889	9	24	0.81666667	11	9	0.94166667
6	23	0.56388889	8	9	0.69166667	9	25	0.81944444	11	10	0.94444445
6	24	0.56666667	8	10	0.69444445	9	26	0.82222222	11	11	0.94722223
6	25	0.56944444	8	11	0.69722223	9	27	0.825	11	12	0.95
6	26	0.57222222	8	12	0.7	9	28	0.82777778	11	13	0.95277778
6	27	0.575	8	13	0.70277778	9	29	0.83055556	11	14	0.95555556
6	28	0.57777778	8	14	0.70555556	9	30	0.83333333	11	15	0.95833334
6	29	0.58055556	8	15	0.70833334	10	0	0.83333333	11	16	0.96111111
6	30	0.58333333	8	16	0.71111111	10	1	0.83611111	11	17	0.96388889
7	0	0.58333333	8	17	0.71388889	10	2	0.83888889	11	18	0.96666667
7	1	0.58611111	8	18	0.71666667	10	3	0.84166666	11	19	0.96944445
7	2	0.58888889	8	19	0.71944445	10	4	0.84444444	11	20	0.97222223
7	3	0.59166666	8	20	0.72222223	10	5	0.84722222	11	21	0.975
7	4	0.59444444	8	21	0.725	10	6	0.85	11	22	0.97777778
7	5	0.59722222	8	22	0.72777778	10	7	0.85277777	11	23	0.98055556
7	6	0.6	8	23	0.73055556	10	8	0.85555555	11	24	0.98333334
7	7	0.60277777	8	24	0.73333334	10	9	0.85833333	11	25	0.98611111
7	8	0.60555555	8	25	0.73611111	10	10	0.86111111	11	26	0.98888889
7	9	0.60833333	8	26	0.73888889	10	11	0.86388889	11	27	0.99166667
7	10	0.61111111	8	27	0.74166667	10	12	0.86666666	11	28	0.99444445
7	11	0.61388889	8	28	0.74444445	10	13	0.86944444	11	29	0.99722223
7	12	0.61666666	8	29	0.74722223	10	14	0.87222222	11	30	1
7	13	0.61944444	8	30	0.75	10	15	0.875	12	0	1
7	14	0.62222222	9	0	0.75	10	16	0.87777777			
7	15	0.625	9	1	0.75277778	10	17	0.88055555			

Table 66-1. Recoupment Computational Factors of Fractional Years (Continued)

Chapter 66 – Career Status Bonus/REDUX Election Option

6601 – Career Status Bonus

Public Law 106-65
October. 5, 1999
ASD(FMP) Memo,
February 2, 2001

6602 – Bonus Payment

Public Law 106-65
October. 5, 1999
ASD(FMP) Memo,
February 2, 2001

6603 – Recoupment

ASD(FMP) Memo,
February 2, 2001